

Message Text

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ACTION ARA-14

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E.O. 11652: N/A
TAGS: PINT, BR
SUBJ: MALUF WINS ARENA SUPPORT FOR SAO PAULO GOVERNORSHIP

REF: (A) SAO PAULO 1655 (B) BRASILIA 6114

SUMMARY. GUBERNATORIAL CANDIDATE PAULO SALIM MALUF CONFOUNDED THE ARENA PARTY'S LEADERSHIP BY GRABBING THE NOMINATION AWAY FROM LAUDO NATEL AT THE ARENA CONVENTION JUNE 4. IN AN EFFORT TO OVERCOME HIS "OUTSIDER" STATUS, MALUF COURTED THE FAVOR OF ARENA'S TOP LEADERSHIP, AND GRADUALLY HAS WON GRUDGING ACCEPTANCE FROM GENERAL FIGUEIREDO. UNOPPOSED FOR THE SEPTEMBER 1 INDIRECT GUBERNATORIAL ELECTION, MALUF IS WORKING HARD TO UNITE ARENA'S DIVERSE SAO PAULO FACTIONS BEHIND THE PARTY'S CANDIDATES FOR THE NOVEMBER 15 DIRECT CONGRESSIONAL ELECTION. ARENA FACES AN UPHILL FIGHT IN SAO PAULO STATE. END SUMMARY.

1. BACKGROUND: ARENA DISSIDENT PAULO SALIM MALUF SUCCESSFULLY WEATHERED OPPOSITION FROM ARENA'S NATIONAL LEADERSHIP TO BECOME, FOR ALL PRACTICAL PURPOSES, THE GOVERNOR-DESIGNATE OF SAO PAULO STATE. MALUF ALSO HAD TO WITHSTAND TWO DETERMINED JUDICIAL CHALLENGES BY EX-GOVERNOR LAUDO NATEL, WHO ATTEMPTED TO UNDO MALUF'S NOMINATION BY THE ARENA CONVENTION ON JUNE 4 ON THE LIMITED OFFICIAL USE

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GROUND OF IRREGULARITIES IN MALUF'S NOMINATING PETITIONS. NATEL, THE HAND-PICKED CHOICE OF GENERAL FIGUEIREDO FOR THE SAO PAULO GOVERNORSHIP, WAS SURPRISINGLY UPSET IN THE ARENA STATE CONVENTION WHEN THE PAULISTA DELEGATES ASSERTED THEIR PREROGATIVES AND REJECTED THE DESIGNATED CANDIDATE (REF A).

2. MALUF WORKING HARD TO OVERCOME HANDICAPS: MALUF HAS A MIXED

REPUTATION. HE IS BEST KNOWN AS A FORMER MAYOR OF SAO PAULO. THERE WERE ALLEGATIONS OF OFFICIAL CORRUPTION AT THE TIME. HE IS ALSO IDENTIFIED WITH A POSSIBLY FRAUDULENT BANKRUPTCY CASE OF A FAMILY-OWNED TEXTILE FIRM, LUTFALLA. SOME OF LAUDO NATEL'S ACCUSATIONS OF IMPROPER ELECTIONEERING AND ALLEGED IRREGULARITIES IN MALUF'S NOMINATING PETITIONS HAVE ALSO STUCK. AFAVORABLE DECISION BY THE REGIONAL ELECTORAL TRIBUNAL ON JULY 17, HOWEVER, AND THE REFUSAL BY THE SUPREME ELECTORAL TRIBUNAL ON JULY 18 TO ENTERTAIN NATEL'S APPEAL FINALLY PERSUADED ARENA'S LEADERSHIP THEY WERE STUCK WITH MALUF'S CANDIDACY AND NEEDED TO MAKE THE BEST OF IT.

3. THE "NEW" MALUF AS AN ARENA STALWART. WITH THE GUBERNATORIAL NOMINATION SAFELY IN HAND -- AND HIS UNOPPOSED, INDIRECT ELECTION AS SAO PAULO'S GOVERNOR ASSURED ON SEPTEMBER 1 -- MALUF IS LABORING TO RESTORE SOME SEMBLANCE OF UNITY TO ARENA IN SAO PAULO AND TO IDENTIFY HIMSELF AS AN ARENA REGULAR. IT WAS NOT UNTIL JULY 25, 54 DAYS AFTER HIS NOMINATION AND FOLLOWING THE RESOLUTION OF THE ELECTORAL TRIBUNAL CASE, THAT MALUF WAS RECEIVED BY INCUMBENT SAO PAULO GOVERNOR PAULO EGYDIO MARTINS. A SUBSEQUENT MEETING WAS ARRANGED WITH PRESIDENT GEISEL ON JULY 27. ON JULY 30 MALUF MET GEN. FIGUEIREDO DURING THE GENERAL'S FIRST APPEARANCE AS A CANDIDATE IN SAO PAULO STATE. THIS MEETING WAS A BRIEF, PUBLIC ENCOUNTER WHEN GENERAL FIGUEIREDO, JOINTLY WITH MALUF, LAUDO NATEL, AND GOVERNOR PAULO EGYDIO MARTINS ATTENDED MASS TOGETHER AT THE APARECEDA DO NORTE SHRINE. MALUF SUBSEQUENTLY LIMITED OFFICIAL USE

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MET PRIVATELY WITH FIGUEIREDO AND THE NATIONAL ARENA LEADERSHIP AT BRASILIA ON AUGUST 2 AND 3. FOLLOWING THESE MEETINGS IT WAS ANNOUNCED THAT ALL OF THE PARTY'S LEADING FIGURES, INCLUDING PRESIDENT GEISEL AND UNSUCCESSFUL CANDIDATE LAUDO NATEL, WOULD CAMPAIGN FOR THE ARENA SLATE IN THE NOVEMBER 15 CONGRESSIONAL ELECTIONS. MALUF ALSO INDICATED HIS INTENTION TO CALL ON NATEL AND SEEK HIS SUPPORT.

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4. COMMENT: BY DEMONSTRATING THAT HE IS A LOCAL -- AND NOT AN IMPOSED CANDIDATE MALUF'S SUCCESSFUL BUCKING OF THE ARENA PARTY HIERARCHY MAY GIVE THE SAO PAULO ARENA CONGRESSIONAL CANDIDATES AN UNEXPECTED FAVORABLE FALL OUT. THIS ADVANTAGE, HOWEVER, IS PROBABLY MORE THAN OFFSET BY MALUF'S MIXED REPUTATION AND THE DIVISIVENESS THAT HIS NOMINATION HAS CAUSED AMONG ARENA'S FACTION RIDDEN LEADERSHIP IN SAO PAULO. THE PARTY'S ELECTION PROSPECTS FOR THE NOVEMBER 15 CONGRESSIONAL ELECTIONS ARE DIM IN ANY CASE. OBSERVERS ARE EXPECTING THE POPULAR VOTE TO GO 2 TO 1 AGAINST ARENA IN SAO PAULO STATE. MALUF, ALWAYS OPTIMISTIC, SMILING, AND INDEFATIGABLY CAMPAIGNING, IS TALKING OF AN ARENA VICTORY, SOMETHING HIGHLY IMPROBABLE EVEN ALLOWING FOR HIS DEMONSTRATED ABILITY TO PULL OFF POLITICAL COUPS.

5. MALUF REMAINS SOMETHING OF AN OUTSIDER TO THE SAO PAULO ELITE. NEWSPAPERS REPORT IN DETAIL, WITH PHOTOS, HIS MANEUVERING THROUGH A CROW TO EVENTUALLY EMERGE, BEAMING, AT THE SIDE OF PRESIDENT GEISEL OR GENERAL FIGUEIREDO. FOR ALL OF MALUF'S SUCCESS, HOWEVER, IT IS LAUDO NATEL WHO STILL RETAINS CLOSE PERSONAL TIES WITH GENERAL FIGUEIREDO. MALUF WILL HAVE TO CONTENT WITH NATEL AS AN ALLIED BUT SOVEREIGN LEADER WHO WILL PREVENT MALUF FROM EXERCISING UNDISPUTED CONTROL OVER ARENA IN SAO PAULO, AT LEAST FOR THE TIME BEING. MALUF WILL CERTAINLY WANT TO DO ALL HE CAN TO SMOOTH OVER APPEARANCES WITH NATEL. HE WILL PROBABLY

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CALL ON HIS RIVAL TO SEEK HIS ASSISTANCE IN THE CAMPAIGN, FOR THE COMMON GOOD OF ARENA, SOMETIME BEFORE GENERAL FIGUEIREDO MAKES HIS OWN CAMPAIGN VISIT TO SAO PAULO AUGUST 21-23. SUCH A GESTURE WOULD PROVIDE A MUCH NEEDED DEMONSTRATION OF PARTY UNITY.

6. EMBASSY CONCURS.
POVENMIRE

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